

# **CITY OF LINCOLN MAYOR'S RECOMMENDED BUDGET FISCAL YEAR 2006-2007 BUDGET SUMMARY**

This summary addresses revenue estimates for all tax funds, expenditure information for all tax funds, and significant changes for each department from the previous year's budget for all funds.

All tax funds identifies the following:

- General Fund
- Library Fund
- Social Security Fund
- Police and Fire Pension Fund
- Unemployment Compensation Fund
- Bond Interest and Redemption Fund

The funds listed above are in this classification because each receives property taxes as a source of its revenue. However, they are not limited exclusively to property tax revenues. The term property tax revenue refers to the amount of revenue from property taxes that will be required to operate during the next fiscal year. The property tax rate refers to the rate that is levied upon property in order to raise the budgeted property tax revenue. The City Charter requires that a 10% surplus be added to the property tax revenue when the tax rate is determined. The 10% surplus is provided for by appropriating only 90% of the property tax revenues that the levy rate will generate.

In addition to the tax funds referred to above, the following funds, referred to as tax subsidized funds in this summary, receive a portion of their funding via transfers from the General Fund. These are:

- Health Fund
- 911 Communications Fund
- Animal Control Fund
- Building and Safety Fund
- Lincoln Area Agency on Aging Fund
- StarTran Fund
- Workforce Investment Act Fund

Interfund transfers are included in the Miscellaneous Budgets section of this book. There are also many funds contained in the operating budget that do not receive tax revenue. The Summary of Staffing and Operating Expenditures By Fund and Department on pages 25 and 26 of this section of the Budget provides a complete summary of all funds included in the operating budget.

## **BUDGET OVERVIEW**

The 2006-2007 budget process began in December of 2005 with the presentation of the Five Year Budget Forecast to the City Council. The forecast projected existing revenue sources at existing rates, resulting in a anticipated shortage of revenues to expenditures of more than \$4.7 million to continue existing services. When several higher priority new services were included in expenditures, the projected shortfall was \$6.8 million. Additional meetings and discussions with the City Council in January, April and May of 2006 provided input that helped formulate the Mayor's Recommended Budget. The budget was balanced through a combination of cost savings, program reductions and increased revenues.

The 2006-2007 Mayor's Recommended Budget complies with the State imposed lid passed by the 1998 Legislature in LB 989. Key provisions of the lid include:

- Appropriations from various revenue sources (property taxes, motor vehicle taxes, sales tax, in-lieu of tax, state aid, highway allocation fees) are limited to the greater of a 2.5% increase or the percentage increase in the tax base provided by real growth and annexations. The percentage increase provided by real growth and annexations is estimated at 3.25%. The overall change in the tax base, including personal property and centrally assessed property is estimated at 14% due in large part to a revaluation of property by the County Assessor's office. In recent years personal property in the property tax base has been dropping in value, offsetting some of the

increases seen in real property. Capital improvements and debt service payments on voter approved bond issues are exempt from the lid.

- Costs associated with inter-local agreements are exempt from the lid. The City again excludes many long-standing inter-local agreements from the lid limitation.
- An additional 1% (about \$850,000) of authorization under the lid limit could be approved by a 75% vote of the City Council. The Budget does not authorize the additional 1% of lid authority.

As a result of the 2005 - 2006 Budget and previous budgets, the City will have an estimated \$8,000,000 of unused lid authority going into the 2006 – 2007 fiscal year.

#### **27<sup>th</sup> pay period during the last fiscal year – 26 pay periods for the 2006 - 2007 fiscal year**

The City pays employees every two weeks, or fourteen days. Every eleven or twelve years, depending on the number of leap years in the period, an additional pay period occurs during a fiscal year. This extra pay period fell during the 2005 - 2006 fiscal year. Rather than budgeting for the normal twenty-six pay periods, it was necessary to budget for twenty-seven pay periods, increasing what would otherwise have been needed to be budgeted for the 2005 – 2006 fiscal year. The cost of this extra pay period was approximately \$3.0 million dollars for tax funds and \$4.7 million dollars for all funds. The extra pay period was funded with a one-time revenue source, therefore the absence of the extra period in 2006-2007 neither helps or hurts the budget.

By contrast, the 2006-2007 fiscal year only has the normal twenty-six pay periods to budget for. Therefore, the amount that needs to be budgeted for personnel costs for 2006-2007 will be less than would have been necessary for the comparable number of pay periods in 2005-2006.

#### **Reductions in Schools and Conferences and Education and Training**

The Mayor's Recommended Budget proposes significant reductions in line items for Schools and Conferences and Education and Training for city staff in all funds. In general, but with some exceptions, previously budgeted amounts in these line items were eliminated unless the funding was needed to maintain or obtain a license or certification needed for a staff person to perform their job. This resulted in reductions of \$257,288 from amounts budgeted for 2005-2006 for all funds.

#### **Under-budgeting projected salary costs by 1% In Tax And Tax Subsidized Funds**

Amounts included in the City budget for personnel related costs have traditionally been based on existing employees at the time departments submit their budget requests to the Mayor. Current employees are budgeted at their then current pay rate and benefits with projected step and merit pay increases and negotiated pay raises. Often when employees leave City employment, there is a time lag in filling the position and/or the replacement employee comes into that position at a lower rate of pay and budget savings occur. The Mayor's Recommended Budget proposes capturing that savings by under-budgeting projected salary amounts by 1% for the 2006 – 2007 budget in the tax and tax-subsidized funds. This budget adjustment saved about \$640,000 and was used to avoid further program and service cuts or require more tax revenue.

#### **Fuel and utility increases – all funds**

Due to the nature of City operations, fuel and utility charges are a significant cost item and have been increasing at a rapid rate. These increases are felt throughout different Department's budgets in a variety of ways. An itemization of the amount of increase in these items follows.

Fuel, oil and diesel	\$965,228
Electricity	\$404,464
Natural Gas	\$140,639
Propane	\$14,725

## **Personnel**

The net change in full time equivalents (fte's) for all funds is a decrease of 8.3 fte's. A more thorough explanation of changes in staffing is included in the PERSONNEL CHANGES ALL FUNDS section of this summary. Further detail is included in the SIGNIFICANT BUDGET CHANGES BY DEPARTMENT and SUMMARY OF STAFFING AND OPERATING EXPENDITURES BY FUND AND DEPARTMENT.

The 2006 - 2007 Mayor's Recommended Budget for all funds incorporates the following program changes and new initiatives:

### **Significant Program Changes:**

- Due to revenue restriction, the General Fund and KENO portion of the Capital Improvement program is very limited. Projects associated with the Antelope Valley channel had top priority and other Parks and Recreation projects funded with KENO or General Funds were of a "must do" or "commitment" nature.
- One of two Deputy Police Chief positions is still included in the budget but not funded for 2006 – 2007.
- Lease costs of \$36,943 (partial year) for a replacement fire station in the Arnold Heights neighborhood are included in the Mayor's Recommended Budget.
- Lease costs and additional operating costs of \$261,204 are included for the new Police Northeast Team substation.
- Additional operating costs of about \$249,000 are included in the Health Department budget for their new building. These additional costs are partially offset by reduced lease expense (about \$124,000) for outside office space. Debt service costs for the new building will need to be included in the 2007 – 2008 budget.
- The overtime budget at the Police Department is reduced by \$75,338. There will be some reduction of overtime planned for football Saturdays.
- Service hours at the Polley Music Library will be reduced from 48 to 35 hours per week to lack of income from the trust fund to sustain current service levels.
- New Park acres and trail miles maintenance needs are expected to come on-line as follows: Antelope Valley channel from "R" to "N" Street, Salt Creek to Holdrege trail, Ashley Heights mini-park, Fallbrook mini-park, Salt Creek trail from Calvert to Charleston, Charleston to North 14<sup>th</sup>, 14 Street to Cornhusker, 48<sup>th</sup> and "O" Street buffer, Burns Greenway, Mendoza Park, and Wilderness Hill Neighborhood and greenway. Due to funding constraints, new funding requested for these efforts is not included in the Mayor's Recommended Budget. Instead, new park land and trail miles will need to be maintained using existing or decreasing resources, meaning that overall Park system maintenance will suffer.
- Reduction of Park district part time labor will: 1) reduce trimming around trees, shrubs and buildings by 1/2 to every other mowing, 2) convert about 3% additional mowable park acres to an unmowed status, 3) remove interior trash barrels in Parks not associated with a facility, 4) some restrooms will be serviced less and others will be open less time and might have a shorter operating season.
- The City will be self-insuring the employee health insurance plan for 2006 – 2007. This budget book has a 7.5% rate increase included in the budgeted numbers, however final rates have not been determined. When final rates are set, additional savings might be available.
- An additional \$193,447 is budgeted for the City contribution to the Police and Fire Pension fund. This additional contribution brings the 2006 – 2007 budgeted amount up to the actuarially determined "normal cost" level of funding.
- An additional \$125,000 is added from Street funds for more durable street markings.
- The Supportive Services budget at Aging has been reduced \$26,762 or 16.3% due to funding constraints.

Changes in revenues included in the 2006-2007 Mayor's Recommended Budget affecting the tax and tax subsidized funds are highlighted below.

Some revenue changes involve fees charged for City services. Without periodic increases in fees, inflationary cost increases would need to be covered by additional property tax revenue or the levels of service provided would need to be reduced. The adequacy of fees charged for City services is examined each year and some fee increases are included in each annual budget.

**Significant Changes to Fees and Other Revenue Sources – Tax Supported and Tax Subsidized Budget**

<b><u>Description</u></b>	<b><u>2006-2007 Impact</u></b>
<ul style="list-style-type: none"> <li>• <b>Parks and Recreation</b> - Increase swimming pool rates by \$.25, Before School \$5/mo. from \$60 to \$65, After School \$2/mo. from \$78 to \$80, Day Camp \$7/wk. From \$83 to \$90 and add one week of day camps from 10 weeks to 11 weeks.</li> </ul>	+\$49,606
<ul style="list-style-type: none"> <li>• <b>Parks and Recreation</b> - New revenue from expanded recreation programs and offering of programs at new locations in the Parks and Recreation program.</li> </ul>	+\$70,180
<ul style="list-style-type: none"> <li>• <b>StarTran</b> - StarTran will receive an additional \$420,000 of aid from the State of Nebraska. These funds can only be used for transit and helped avoid consideration of service cuts at StarTran.</li> </ul>	+\$420,000
<ul style="list-style-type: none"> <li>• <b>Planning</b> - Increase fees 8% - 9%. These increases raise about \$18,000 over current rates, however they only replace revenue lost due to a slowing number of projects coming through the planning process.</li> </ul>	+\$0
<ul style="list-style-type: none"> <li>• <b>Health Department</b> - Fee changes include increasing fees for individual sewage system cleaner from \$320 to \$335, individual sewage system construction from \$275 to \$290, sewage system repair from \$150 to \$160. Increase food operator permit renewals from \$225 to \$265, new food operator permits from \$385 to \$400. Increase client Step II – Step V dental fees. Step fees are based on a percentage considered usual and customary.</li> </ul>	+\$25,150
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<b>Total Revenue Impact to the Tax Funded Budget</b>	<b>+\$564,936</b>

## Utility Rate Changes

### Wastewater

A 9% user fee increase is being proposed effective for the bills going out in February 2007. This increase will generate about \$875,000 for the 2006 – 2007 fiscal year but will generate more in coming fiscal years when the rate increase is in place for the entire fiscal year. The revenue is needed to cover operating and maintenance costs and to provide bonding ability to support the capital improvement projects in Wastewater's six year plan.

### Water

A 7% user fee increase is being proposed effective for the bills going out in February 2007. This increase will generate about \$922,000 for the 2006 – 2007 fiscal year but will generate more in coming fiscal years when the rate increase is in place for the entire fiscal year. The revenue is needed to cover operating and maintenance costs and to provide bonding ability to support the capital improvement projects in Water's six year plan.

### Landfill Rate Changes

A \$4 per ton Landfill gate fee increase is proposed as part of the Mayor's Recommended Budget to support the operating and maintenance costs and provide for the ability to issue revenue bonds in future fiscal years. This increase may be proposed to be effective either September 1, 2006 or January 1, 2007. The proposed rate increase generates \$1,000,000 annually.

Other changes and amounts of revenue projected to be collected are highlighted in the REVENUE PROJECTIONS - TAX FUNDS section of this Budget Summary.

## **SIGNIFICANT EXPENDITURE CHANGES**

### **TAX FUNDS**

<b>NET CHANGE IN EXPENDITURES 2005-2006 TO 2006-2007</b>	<b>+\$89,795</b>
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The change in tax fund expenditures is a 0.1% increase over the 2005-2006 budget.

<b>1. OPERATING EXPENDITURE CHANGES 2005-2006 TO 2006-2007 (Excludes Capital Improvements and Debt Service)</b>	<b>+\$731,469</b>
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The net increase in the operating portion of the Tax Funds Budget is comprised of increases in Personnel -\$345,949, Supplies +\$64,558, Other Services and Charges +\$819,433 Transfers +\$513,530, and Equipment -\$320,093.

<b>2. CHANGES IN CAPITAL IMPROVEMENTS 2005-2006 to 2006-2007</b>	<b>-\$1,029,100</b>
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The Capital Improvement Program (C.I.P.) includes \$677,000 of General Fund support compared to \$1,706,100 in the 2005-2006 budget.

<b>3. DEBT SERVICE PAYMENT CHANGES 2005-2006 to 2006-2007</b>	<b>+\$387,426</b>
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## **TAX FUNDED BUDGET CHANGES BY LINE ITEM**

Some of the significant line item changes in the 2006-2007 Mayor's Recommended Budget from the 2005-2006 Budget are summarized below.

	<b><u>Tax Funds Only</u></b>
<b><u>PERSONNEL</u></b>	
Changes in salary and other personnel costs (excl. Health Ins.)	-\$975,241
Health Insurance	+\$435,845
Police and Fire Pension	+\$193,447
 <b><u>SUPPLIES, SERVICES &amp; CHARGES</u></b>	
Street Lights	+\$538,004
Miscellaneous Contractual Services	-\$129,494
State Fair Subsidy	+\$65,000
Custodial Services	+\$80,404
Human Service Contracts	+\$116,912
Mileage – City Vehicles	+\$226,907
Rent of Machinery and Equipment	+\$71,734
Financial System Development	-\$100,000
Election Expense	+\$150,000
 <b><u>DEBT SERVICE</u></b>	
Interest and Principal payments	+\$387,426
 <b><u>TRANSFERS</u></b>	
City Share of StarTran	+\$538,004
City Share of 911 Communications	+\$170,360

## **PERSONNEL CHANGES - ALL FUNDS**

The staffing changes below are included in the 2006-2007 Mayor's Recommended Budget. The changes outlined are the more significant changes which take place although there are many other changes as a result of job audits and other routine personnel actions which can change job titles and pay ranges. For more information on staffing by department, please see the BUDGET CHANGES BY DEPARTMENT section.

**STAFFING CHANGES  
IN THE 2006-2007 MAYOR'S RECOMMENDED BUDGET  
ALL FUNDS  
(In Full Time Equivalents – FTE's, Reductions are bracketed)**

<u>FTE's/Dept./Organization/Program</u>	<u>Estimated Budgeted Personnel Cost</u>	<u>Estimated City Tax Dollars</u>
<b><u>City Council</u></b>		
(1.00) Office Specialist	(\$49,820)	(\$49,820)
<b><u>Finance</u></b>		
.33 Internal Auditor – budgeted a partial year in '05-'06	\$33,071	\$33,071
<b><u>Mayor's Department</u></b>		
(.75) Aging - Food Production Manager	(\$42,069)	(\$37,862)
(.70) Aging – Entry Level Worker	(\$11,046)	(9,941)
.75 Aging Specialist II	\$37,319	\$33,587
.13 Aging - Senior Office Assistant	\$3,647	\$3,282
(.40) CIC - Para-Professional	(\$7,949)	(\$3,023)
<b><u>Library</u></b>		
(.25) Entry Level Worker – Polley Trust	(\$3,226)	\$0
(.75) Library Assistant III – Polley Trust	(\$45,081)	\$0
(1.00) Librarian I	(\$57,352)	(\$51,617)
<b><u>Planning</u></b>		
1.00 GIS Manager	\$95,298	\$13,579
<b><u>Urban Development</u></b>		
(.20) GIS Analyst	(\$18,394)	\$0
(.10) Urban Development Manager	(\$10,709)	\$0
<b><u>Police</u></b>		
(.27) Police Records Technician	(\$11,680)	(\$11,680)
<b><u>Parks and Recreation</u></b>		
2.75 Intermediate/Para Pro. Workers	\$48,120	\$0
(.24) Asst. Golf Course Superintendent	(\$14,864)	\$0
(1.32) Laborer s - Golf	(\$44,643)	\$0
(1.00) Equipment Operator - Golf	(\$38,616)	\$0
(4.96) Seasonal workers – Department-wide	(\$77,400)	(\$77,400)
<u>(.31) All other net changes - estimated - Citywide</u>	<u>(\$5,158)</u>	<u>(\$5,158)</u>
(8.29) Net Change in FTE's	(\$220,552)	(\$162,982)

## REVENUE PROJECTIONS TAX FUNDS

Following is a schedule of revenue sources used by tax and tax subsidized funds. Further details on the various revenue sources and significant changes from the prior year follow the schedule. Revenue projections were based on a combination of historical trends, changes identified by City departments collecting the revenues, and program changes included in this budget.

### TAX FUNDS REVENUE

	<b>2005-2006 Council Adopted</b>	<b>2006-2007 Mayor's Recommended</b>	<b>% Change</b>
Property Taxes-Debt Service	\$2,541,561	\$5,195,137	104.4%
Property Taxes-Operations	\$34,244,459	\$36,740,116	+7.3%
Sales Tax	\$55,404,929	\$54,219,949	-2.1%
Occupation Tax	\$9,795,376	\$9,634,727	-1.6%
In-Lieu Of Tax (State)	\$1,480,059	\$1,478,820	-0.0%
Motor Vehicle Tax	\$4,458,758	\$4,476,800	+0.4%
Permits and Fees	\$2,925,641	\$3,507,446	+19.9%
2005-2006 Debt Service	\$2,750,175	\$0	-100.0%
In-Lieu Of Tax (LES)	\$1,274,000	\$1,390,000	+9.1%
Intergovernmental	\$1,570,600	\$1,564,660	-0.4%
Reimbursement for Services	\$2,141,745	\$2,134,712	-0.3%
Recreation Receipts	\$2,233,870	\$2,153,389	-3.6%
Parking Meter Revenue	\$835,000	\$835,000	0.0%
County Library Tax	\$649,118	\$649,940	+0.1%
Earned Interest	\$600,500	\$484,000	-19.4%
Interest Property Tax	\$110,500	\$100,000	-9.5%
Rent	\$525,367	\$507,276	-3.4%
Administrative Fees	\$681,300	\$592,000	-13.1%
Sundry Taxes	\$35,448	\$35,729	+0.8%
Miscellaneous	\$414,493	\$466,465	+12.5%
Revenue Before Balances	<u>\$124,672,899</u>	<u>\$126,166,166</u>	<u>+1.2%</u>
Appropriated Balances	<u>\$6,891,653</u>	<u>\$5,488,191</u>	<u>-20.4%</u>
Total Revenue	\$131,564,552	\$131,654,357	+0.1%



**SIGNIFICANT NET CHANGES IN REVENUE AND BALANCES****2005-2006 TO 2006-2007****+\$89,795**

Property Tax (Operating)	+\$2,495,657
Property Tax (Debt Service)	+\$2,653,576
Sales Tax	-\$1,184,980
2005-2006 Debt Service	-\$2,750,175
Recreation Fees	-\$80,481
Occupation Taxes	-\$160,649
Rent	-\$18,091
Reimbursement for Services	-\$7,033
Miscellaneous	+\$51,972
Balances	-\$1,403,462
All Other Tax Fund Revenues (net)	+\$493,461

**PROPERTY TAX**

Lagging sales tax collections, a reduction in the sales tax base by the State Legislature, and slow revenues in other categories have placed increased pressure on the need for property tax revenue for the 2006-2007 fiscal year. Property Tax revenue required to fund the 2006-2007 Mayor's Recommended Budget increases \$5,149,233 or 14.0% over that required for the 2005-2006 Budget.

The County Assessor/Register of Deeds has completed a revaluation of all properties in Lancaster County. The valuations of some properties will be protested and ruled upon during the summer of 2006. At the time of release of the Mayor's Recommended Budget, there is great uncertainty as to what the final property tax base will be. The final amount will not be known until about August 20<sup>th</sup>, 2006 when the final valuation will be certified. **All illustrations and estimates in this book are done by the City Budget Office and will change when the final figures are available.**

Total growth in the tax base is estimated at 14% of which 3.25% is estimated to be from additions to the tax base and 10.75% estimated to be from revaluation of existing property by the County Assessor. The following table illustrates an example of the impact of the 2006-2007 Mayor's Recommended Budget on the property tax rate and property tax paid on a property previously valued at \$125,000. This example assumes a 10.75% increase in the value of the property due to revaluation.

<b>Estimated Property Tax Revenue, Rate, And Impact On An Example Property</b>				
<b>This example is for illustration purposes only</b>				
	<b>Adopted 2005-06</b>	<b>Mayor's Recommended 2006-07</b>	<b>Change</b>	<b>% Change</b>
Total Property Tax Revenue	\$36,786,020	\$41,935,253	\$5,149,233	+14.0%
Final Tax rate per \$100 – city services	.30091	.30091	+0.00%	+0.0%
Tax on a \$125,000 property for 2005-2006				
revalued +10.75% to				
\$138,438 for 2006-2007	\$376.13	\$416.57	+\$40.44	+10.75%

**SALES TAX**

Sales tax collections for the 2005-2006 fiscal year are running \$50,955 or .13% behind the last fiscal year through nine months. However, the actual amount collected is \$1,371,541 or 3.3% below what was projected.

The 2006 Nebraska Legislature passed a tax reduction package that narrowed the sales tax base by eliminating some services, such as remodeling services, from the tax base. This action is estimated to cause a reduction of \$1,075,000 in sales tax revenue from what would have previously been collected had this change not taken place.

The amount projected for the 2006-2007 Mayor's Recommended Budget represents a projected increase of about 2.5% over the projected actual collections for the 2005-2006 fiscal year with an adjustment being made downward to account for the reduction in the sales tax base noted in the paragraph above. Because of actual collections running behind projections and the reduction in the sales tax base, the amount of projected collections for the 2006-2007 Mayor's Recommended Budget is \$1,184,980 less than the 2005-2006 Budget.

	<b>2005-2006 Projected Collections</b>	<b>2005-2006 Actual Collections</b>	<b>2004-2005 Refunds</b>	<b>2005-2006 Refunds</b>	<b>2006-2007 Projected Collections</b>
September	\$4,521,210	\$4,549,328	(\$135,858)	(\$ 80,882)	\$4,424,347
October	\$4,738,362	\$4,464,503	(\$165,219)	(\$358,866)	\$4,619,540
November	\$4,743,930	\$4,625,303	(\$101,531)	(\$173,972)	\$4,619,540
December	\$4,420,986	\$4,505,085	(\$325,510)	(\$6,319)	\$4,321,330
January	\$4,632,570	\$4,073,189	(\$220,967)	(\$269,713)	\$4,435,191
February	\$5,740,599	\$5,724,498	(\$394,324)	(\$73,395)	\$5,628,031
March	\$4,191,410	\$4,082,038	(\$99,240)	(\$165,869)	\$4,115,294
April	\$3,957,554	\$3,794,477	(\$69,900)	(\$196,682)	\$3,909,258
May	\$4,620,145	\$4,376,803	(\$122,283)	(\$166,567)	\$4,559,898
June	\$4,464,241		(\$34,811)	(\$14,085)	\$4,402,660
July	\$4,536,625		(\$162,998)		\$4,446,036
August	\$4,837,297		(\$148,028)		\$4,738,824
Total	\$55,404,929	\$40,195,224	(\$1,980,669)	(\$1,506,350)	\$54,219,949

Other revenue sources showing notable changes for next year are highlighted below.

#### **PERMITS AND FEES**

This category increases \$581,805 (+19.9%) because of \$500,000 budgeted from previous under collections of the natural gas franchise fee. The total under collection to eventually be remitted to the City is \$912,000 but only \$500,000 is budgeted to be used in 2006-2007, the remaining \$412,000 will be used in future fiscal years.

#### **RECREATION RECEIPTS**

This source of revenue decreases \$80,481 (-3.6%). In spite of some fee increases being proposed this source is projected to decrease for the 2006-2007 fiscal year as some individual programs, primarily in athletics, have been producing less revenue than in the past.

#### **APPROPRIATED BALANCES**

This funding source decreases \$1,403,462 primarily due to a decrease in the amount of balances appropriated in the General Fund being reduced by over \$1 million. This reduction is due to the amount being available as a funding source has decreased due to declining fund balances. This balance has been declining as a result of spending down any excess balances over the last several years in compliance with the City's policy and revenues (primarily sales tax) not meeting projections.

#### **2005 – 2006 DEBT SERVICE**

The revenue decreases \$2,750,175 (-100.0%). This account was established as a one time revenue source to coincide with the 2005-2006 fiscal year in which the City had an extra bi-weekly pay period. There are only the normal twenty-six pay periods during the next fiscal year so no revenue is budgeted for this purpose in 2006-2007.